News Release



U.S. Department of Labor Office of Public Affairs Dallas, Texas EBSA-03-749-DAL For Immediate Release Mon., Nov. 17, 2003 Contact: Sharon Morrissey Phone: (202) 693-8664

Defunct Houston Company and Trustee Sued to Restore Employee Contributions to 401(k) Profit Sharing Plan

HOUSTON – The U.S. Department of Labor has sued defunct Houston-based Praxis Instruments Inc., and its president for failure to forward employee contributions to the company's 401(k) profit sharing plan.

The suit alleges that Caspar Vanwoerden and the company violated the Employee Retirement Income Security Act (ERISA) when they failed to timely forward employees contributions to the plan's trust account between December 1998 and September 1999.

The suit, filed Oct. 29 in federal district court in Houston, seeks to require that Vanwoerden and the company restore all losses to the plan with interest, correct any transactions prohibited by ERISA and, if necessary, offset any claims they may have against or with the plan by losses resulting from violations of the law. The suit also seeks to remove Praxis as the plan administrator and Vanwoerden as a plan fiduciary, bar them from serving as fiduciaries to ERISA-covered plans and appoint an independent fiduciary to manage the plan.

"The law clearly states that employee contributions must be forwarded to the plan to pay future promised benefits," said Steve Eischen, director of the department's Dallas regional office of the Employee Benefits Security Administration (EBSA), which investigated the case.

Praxis Instruments Inc. provided hardware and custom software for oil pipeline control systems. The company was incorporated in 1982 and ceased operations in September 1999. The 401(k) plan had \$36,335.44 in assets and 11 participants as of May 19, 2003.

Employers with similar problems, who are not yet the subject of an investigation by EBSA, may be eligible to participate in the department's Voluntary Fiduciary Correction Program (VFCP). Participation in the VFCP requires employers to make workers whole but allows them to avoid EBSA enforcement actions and civil penalties as well as any applicable excise taxes. For more information about the VFCP, see www.dol.gov/ebsa.

Employers and workers can contact the regional office at (214) 737-6831 or EBSA's toll-free number at **1-866-444-EBSA** (3272), for help with problems relating to private-sector pension and health plans.

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(Chao v. Praxis Instruments Inc.) Civil Action # H-03-4879